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Activities of UNCTAD in support of small island developing States and in support of landlocked developing countries

Activities carried out in support of the implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024

Executive summary

The Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024 invites the governing bodies of organizations in the United Nations system to mainstream the implementation of the Programme of Action into their programme of work and to conduct sectoral and thematic reviews of the Programme of Action, as appropriate.[1]

This report has been prepared pursuant to a request by the thirty-first special session of the Trade and Development Board for a review of the activities carried out by UNCTAD in support of the Programme of Action.[2] It provides a description of UNCTAD-wide activities in support of the implementation of the Programme of Action since its adoption in 2014. It also includes lessons learned and a way forward for the further implementation of actions and commitments within the mandate and competence of UNCTAD. It aims to assist the Trade and Development Board in its consideration of the related item of the provisional agenda and to serve as an input to the midterm review on the implementation of the Programme of Action by the General Assembly, to be held no later than December 2019.

[1] A/RES/69/137, paragraph 76.
[2] TD/B/S-XXXI/2.

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Introduction

1. The Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024 was adopted at the second United Nations Conference on Landlocked Developing Countries, held in Vienna from 3 to 5 November 2014. The aim of the conference was to address the particular needs and challenges faced by landlocked developing countries due to their geographical remoteness and low levels of socioeconomic development.

Their lack of direct access to the sea makes them dependent on transit countries for effective linkages to global markets. Furthermore, their geographical distance from the nearest seaport puts them at a disadvantage with regard to time and costs related to the transportation of goods, as transport by land is significantly more expensive than maritime transport.

The problem of distance is compounded by the challenges of multiple border crossings, diverging customs procedures and requirements and incompatible transport systems and regulations. As a result, landlocked countries have been found to trade by, on average, 30 per cent less than coastal countries. The rising importance of global value chains multiplies the negative impact of trade costs on the global integration prospects of landlocked countries. Furthermore, 27 of the 32 landlocked developing countries are dependent on primary commodities for more than 50 per cent of their exports, rendering them highly vulnerable to external price shocks and limiting the impact of trade and growth on employment creation and poverty reduction.

2. The challenges of remoteness from the sea and commodity dependence faced by landlocked developing countries have an important impact on overall development prospects. Landlocked developing countries experience lower average growth rates than coastal countries; according to one study, being landlocked reduces growth by about 1.5 per cent.[3] In addition, half of the 32 landlocked developing countries are among the group of the least developed countries.

3. After an extended period of rapid growth, landlocked developing countries as a group have recently experienced a sharp reduction in average gross domestic product growth.

In 2000–2013, the average growth rate in landlocked developing countries was above 7 per cent, yet in 2014, it was 5.6 per cent, and further slowed in 2016, to 2.8 per cent. In per capita terms, the rate declined from 3.1 per cent in 2014 to 0.4 per cent in 2016. Other developing countries have also experienced an economic slowdown, for example the least developed countries, whose annual average growth slowed from 5 per cent in 2014 to 3.8 per cent in 2016, yet no other group has experienced as sharp a slowdown as have the landlocked developing countries.

4. The Vienna Programme of Action aims to address the challenges of landlocked developing countries in a coherent manner and to contribute to an enhanced rate of sustainable and inclusive growth and poverty reduction. The Programme of Action recognizes that transit countries also face significant challenges, as many are also developing countries. Transit trade from neighbouring landlocked developing countries can impose a significant burden on the transport infrastructure and customs facilities of transit countries. The Programme of Action therefore also addresses the development needs of transit countries and highlights the need for increased collaboration and coordination between landlocked developing countries, transit countries and development partners. It identifies the following six priorities for action, each with specific goals and objectives for landlocked developing countries, transit countries, as applicable, and development partners, the implementation of which will contribute to the ultimate objective of transforming landlocked countries into land-linked countries:[4]

[3] J. MacKellar, A. Worgotter and J. Worz, 2002. Economic growth of landlocked countries. In: G. Chaloupek, A. Guger, J. Nowotny and G. Schwodiauer, eds., *Economics in Theory and Practice*. Springer, Berlin, 213–226.

[4] A/RES/69/137.

Priority 1: Fundamental transit policy issues.

Priority 2: Infrastructure development and maintenance:

(a) Transport infrastructure;

(b) Energy and information and communications technology infrastructure

Priority 3: International trade and trade facilitation:

(a) International trade;

(b) Trade facilitation.

Priority 4: Regional integration and cooperation.

Priority 5: Structural economic transformation.

Priority 6: Means of implementation.

5. This report outlines the technical assistance and capacity-building activities of UNCTAD in support of the implementation of the Vienna Programme of Action since its adoption, following the order of the priorities for action.

I. Priority 1: Fundamental transit policy issues

6. In light of the dependence of landlocked developing countries on transit countries for access to international markets, the freedom of transit, along with transit infrastructure and logistics, plays an important role in the development prospects of landlocked developing countries.

7. Against this background, UNCTAD provides technical assistance and capacity-building to assist landlocked developing countries and transit developing countries with implementation of the Agreement on Trade Facilitation of the World Trade Organization. This includes support in the implementation of article 11 of the Agreement, which contains specific provisions on transit, as well as other articles relevant for transit collaboration, such as article 1.1 on publication, article 1.2 on information available through the Internet, article 2.1 on opportunity to comment, article 6.3 on penalties, article 7.7 on authorized operators, article 8 on border agency cooperation and article 10 on formalities. During the reporting period, UNCTAD provided assistance in the implementation of the Agreement to 18 landlocked developing countries[a] and 17 transit developing countries.[b]

8. UNCTAD has provided technical assistance on transit cooperation to a number of regional organizations, in particular the following: Central European Free Trade Agreement, East African Community, Economic Community of West African States, Latin American Integration Association and Southern African Customs Union. In 2015, UNCTAD, in collaboration with the Government of Paraguay, organized a seminar in Asunción for countries in the Latin American Integration Association region, to provide capacity-building on implementing good practice solutions for the transit of goods. Participants from Argentina, Brazil, Colombia, Chile, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay attended the seminar.

9. UNCTAD participated in the review of the transit guidelines of the World Customs Organization, which led to the publication of the *Transit Handbook* in 2017.

10. In March 2018, UNCTAD organized a pilot workshop for national transit coordinators, referred to in article 11 of the Agreement on Trade Facilitation, to better define and develop their activities and work. Participants from Burundi, Rwanda and

[a] Azerbaijan, Botswana, Burundi, Ethiopia, Kazakhstan, Lesotho, Mali, Mongolia, Paraguay, the Plurinational State of Bolivia, the Republic of Moldova, Rwanda, Swaziland, Tajikistan, the former Yugoslav Republic of Macedonia, Uganda, Zambia and Zimbabwe.

[b] Benin, Cameroon, Djibouti, Gabon, Cote d'Ivoire, Kenya, Liberia, Myanmar, Namibia, Nigeria, Pakistan, Peru, Senegal, South Africa, the Sudan, the United Republic of Tanzania and Viet Nam.

Uganda, as well as from the neighbouring transit developing countries of Kenya and the United Republic of Tanzania, attended the workshop, together with representatives from the secretariat of the East African Community and the management of the Central Corridor Transit Transport Facilitation Agency and the Northern Corridor Transit and Transport Coordination Authority. UNCTAD will work with other international organizations to further develop this training course, which can then be rolled out in other regions.

II. Priority 2: Infrastructure development and maintenance

A. Transport infrastructure

11. Promoting sustainable freight transport systems is crucial to achieving economically efficient, socially viable and environmentally friendly transportation and logistics services. To this end, UNCTAD is working to strengthen the capacity of developing countries, including landlocked developing countries, to develop and implement sustainable transport policies and measures, as well as financing actions and mechanisms.

12. Since the adoption of the Vienna Programme of Action, UNCTAD has worked with the Central Corridor Transit Transport Facilitation Agency and the Northern Corridor Transit and Transport Coordination Authority in East Africa to assist them in their efforts to implement a sustainable freight transport strategy. Activities have included a training and capacity-building workshop held in Nairobi from 14 to 18 March 2016, which benefited more than 80 participants from Burundi, the Democratic Republic of the Congo, Kenya, Rwanda, South Sudan, Uganda and the United Republic of Tanzania. The workshop aimed to strengthen the capacity of policymakers in transport, infrastructure and finance; transport operators in rail, road, internal waterway and port networks; and representatives of key financial institutions in sub-Saharan Africa to promote and finance sustainable freight transport systems through sound transport policy measures and adequate financing actions and mechanisms.

13. As a follow up to the workshop, the Northern Corridor Transit and Transport Coordination Authority, in collaboration with UNCTAD, the United Nations Environment Programme and the Heavy-duty Diesel Vehicles and Engines initiative of the Climate and Clean Air Coalition, developed a green freight programme, the first in Africa. The programme was officially launched at the 42nd meeting of the Executive Committee of the Authority on 16 January 2017.

B. Energy and information and communications technology infrastructure

14. The Vienna Programme of Action recognizes the important role played by energy infrastructure and access to affordable, reliable and renewable energy in modernizing information technology and transit systems and enhancing productive capacities to achieve growth and sustainable development. In this context, the Programme of Action states that actions by landlocked developing countries include developing national energy policies to promote modern, reliable and renewable energy, with a view to enhancing capacities and ensuring access to energy.

15. The *Least Developed Countries Report 2017: Transformational Energy Access* highlights the role that access to energy plays in the process of structural transformation in the group of the least developed countries, which includes 16 landlocked developing countries. The report stresses the importance of ensuring access to energy not only for domestic consumption needs, but also for productive processes. The report provides a series of recommendations for countries to take into account when formulating national energy policies.

16. In the area of information and communications technology infrastructure, UNCTAD has assisted several landlocked developing countries in defining their policy frameworks for science, technology and innovation. In October 2017, UNCTAD completed the *Science, Technology and Innovation Policy Review: Rwanda*. The report highlighted the core challenges faced by Rwanda in this field and noted that innovating and using technology to improve the competitiveness of firms and industries was a core issue. The question of generating demand for technology in industry also required greater attention, and an immediate concern was to strengthen linkages among key stakeholders in this field, such as

the Government, firms, academia and training institutions and those with public and environmental interests. Given the development ambitions of Rwanda, a national science, technology and innovation policy needed to be formulated and implemented using the conceptual framework of a national system of innovation. Following delivery of the report, science, technology and innovation-related policy developments in Rwanda have accelerated, and a five-year strategy and plan of implementation are in preparation as at January 2018. Within the scope of this policy review, UNCTAD undertook two related activities. First, a training session on innovation was conducted for science, technology and innovation policymakers and stakeholders during a national workshop on science, technology and innovation policy, with the participation of around 60 policy experts, including 10 women. Second, a critical commentary and suggestions for revision were provided on a draft national science, technology and innovation and research strategy.

17. UNCTAD is working with the Government of Ethiopia on the preparation of a science, technology and innovation policy review that aims to contribute to the redrafting of the national science, technology and innovation policy of Ethiopia.

18. In 2017, UNCTAD conducted Rapid eTrade Readiness Assessments for Bhutan and Nepal. These assessments aim to assist countries in better engaging in and benefiting from electronic commerce (e-commerce) from both a national and international trade perspective, and focus on seven areas, namely e-commerce readiness and strategy formulation; information and communications technology infrastructure; legal and regulatory frameworks; payment systems; access to finance for e-commerce; skills development for e-commerce; and trade facilitation and logistics. The assessments help policymakers to identify e-commerce capacity assets and gaps, bottlenecks and opportunities, and provide an action-oriented matrix to help decision makers and development partners to address challenges and take advantage of opportunities. The final product is aligned with the overall developmental trajectory of the country assessed. A number of assessments are planned for 2018, including in landlocked developing countries such as Afghanistan and Lesotho.

III. Priority 3: International trade and trade facilitation

A. International trade

19. One of the core objectives of the Vienna Programme of Action is to assist landlocked developing countries in overcoming the disadvantages of remoteness and commodity dependence, and in increasing their participation in global trade, including with regard to the manufactured component of exports. Since the adoption of the Programme of Action, the overall share of landlocked developing countries in global exports of goods has fallen, from 1.2 per cent in 2014 to 0.9 per cent in 2016, largely due to a decline in global commodity prices.

20. UNCTAD provides assistance to several landlocked developing countries in integrating into the multilateral trading system. UNCTAD has supported the least developed landlocked countries in multilateral trade negotiations in key areas of interest, including duty-free, quota-free market access and rules of origin, the implementation in Africa of preferential treatment to services and service suppliers of least developed countries and participation in services trade, as well as special and differential treatment. UNCTAD has supported a number of countries in understanding the development implications of granting duty-free, quota-free market access to all of the least developed countries, including landlocked developing countries. In addition, UNCTAD has provided assistance to several landlocked developing countries through its support to the least developed countries, the African Group and the African, Caribbean and Pacific States in their substantive preparations for the Eleventh Ministerial Conference of the World Trade Organization, held in Argentina in December 2017. In particular, UNCTAD made substantive contributions to the retreats of ambassadors of the African Group in 2016 and 2017.

21. UNCTAD provided assistance in the preparation of trade policy frameworks to Botswana in 2015 and 2016 and to Zambia in 2014 and 2015. If implemented, the

frameworks could assist Botswana and Zambia in diversifying their economies, exploring new export markets and promoting their integration into global value chains.

22. In 2014, UNCTAD prepared the *Services Policy Review: Paraguay*, with the goal of strengthening national supply and export capacity in services. The review assisted Paraguay in identifying challenges and opportunities in priority services sectors, including construction and associated professional services, as well as education, finance and telecommunications services. The review also provided guidance on the design and implementation of policy reforms and initiatives in Paraguay in these sectors, such as promoting new legislation for the construction sector, addressing the need to ensure financial inclusion and improving the quality of education services by incorporating scientific and technological content.
Such measures will foster the growth of services sectors and increase national capacity to export, thereby contributing to overall economic and social development in Paraguay. Upon the request of the Government of Paraguay, UNCTAD has launched the process of conducting a second services policy review.

23. Accession to the World Trade Organization remains a key challenge for landlocked developing countries that remain outside of the multilateral trading system. In 2016 and 2017, UNCTAD continued to provide technical assistance to several landlocked developing countries in their accession processes, to help build trade policy and negotiation capacities in order to ensure effective participation in the related negotiations. UNCTAD undertook advisory services, field missions and capacity-building activities, including technical consultations with negotiators from Azerbaijan on accession issues (Geneva, Switzerland, 21 and 22 July 2017) and an advisory mission to Turkmenistan on accession issues (Ashgabat, 17–20 April 2016). Advisory services were provided on a more continuous basis for Bhutan on such issues as the review of trade-related domestic legislation to ensure compatibility with World Trade Organization agreements. Finally, support was provided to landlocked developing countries at various stages of the accession process, including Bhutan, Ethiopia, the Sudan and Turkmenistan, as well as landlocked developing countries that have recently acceded to the World Trade Organization, such as Nepal.

24. As part of the Enhanced Integrated Framework, UNCTAD assists the least developed countries, including several landlocked developing countries, in updating their diagnostic trade integration studies, which serve as tools to identify policy limitations and gaps, and in developing action matrices to address domestic bottlenecks to trade. These studies identify constraints to the integration of the least developed countries into the multilateral trading system and the mainstreaming of trade issues into national development strategies.
UNCTAD updated the diagnostic trade integration study for the Niger in 2014 and the studies for Burkina Faso and Ethiopia in 2016. The focus of the update of the study for Burkina Faso was on strengthening domestic ownership capacity in trade policy formulation and implementation, as part of the national medium-term plan. The update also assisted the Government in integrating trade into the national development plan. The focus of the update of the study for Ethiopia was on improving the Addis Ababa–Djibouti rail corridor to facilitate the flow of goods and services via the port of Djibouti. Djibouti and Ethiopia need to build their respective productive and supply capacities and to revamp trade institutions and customs operations to facilitate the flow of goods and services.

B. Trade facilitation

25. For many landlocked developing countries, the geographical disadvantage of remoteness from the sea is compounded by inefficient trade logistics and customs clearance processes. The Automated System for Customs Data (ASYCUDA) is an integrated customs management system for international trade and transport operations in a modern automated environment. Advanced software applications are designed and developed in order for customs administrations and the trade community to comply with international standards when fulfilling import, export and transit-related procedures. ASYCUDA is currently installed in 99 countries and territories worldwide and helps to significantly reduce customs clearance costs and time. By streamlining procedures and enhancing transparency,

ASYCUDA also helps to improve security and fight corruption. At present, 23 landlocked developing countries are using ASYCUDA in their customs administrations.[7]

26. Freight forwarders are service providers who facilitate trade by helping individuals and companies send their goods to international markets and are thus instrumental in the growth of a country's economy. In 2015, UNCTAD, in collaboration with the International Federation of Freight Forwarders Associations, held a train-the-trainer event in Zimbabwe to help build the capacity of the Shipping and Forwarding Agents' Association of Zimbabwe to develop a sustainable training programme. The course helped the Association to develop its training programme, which led to enrolment by 99 students at four national training centres.

IV. Priority 4: Regional integration and cooperation

27. The Vienna Programme of Action recognizes the importance of regional integration in trade, trade facilitation, investment, research and development, industrial development and connectivity, in order to foster structural transformation and collectively link regions to global markets.

28. Since the launch of the Continental Free Trade Area negotiations in June 2015, UNCTAD, in collaboration with the African Union Commission, has supported the negotiation process, which involves the Commission and the 55 members of the African Union, including 15 landlocked developing countries.[8] UNCTAD has provided assistance to the Commission, regional economic communities and individual countries in all areas of the negotiations. UNCTAD intensified its support in 2016 and 2017 by assisting in the preparation of the draft agreement for the Continental Free Trade Area, through the provision of technical notes, policy analysis and advisory support, in particular on options for negotiating modalities for trade in goods and services during the negotiation and advisory processes, which culminated in the adoption of negotiating modalities. UNCTAD contributed substantially to the conclusion of the first phase of negotiations in December 2017, when trade ministers endorsed the agreement on the Continental Free Trade Area, by helping all involved parties, including landlocked developing countries, to enhance their understanding of technical issues arising from the negotiations and to strengthen trade negotiation capacities. UNCTAD stands ready to continue its support to the African Union Commission and members of the African Union, including landlocked developing countries, during the second phase of negotiations.

29. UNCTAD has also supported member States of the Tripartite Free Trade Area, which includes landlocked developing countries in the East African Community and the Common Market for Eastern and Southern Africa. In particular, UNCTAD advised States during the second phase of negotiations on competition, intellectual property rights, investment and trade in services. UNCTAD prepared papers that proposed options for engagement in the tripartite context in light of progress in the Continental Free Trade Area negotiations and other development considerations. Such support activities enhanced the negotiation capacities of the involved parties and contributed positively to the Tripartite Free Trade Area negotiation process.

30. In 2014–2017, UNCTAD initiated and completed a project on regional value chains in leather products in Africa, funded by the African Export-Import Bank and the Commonwealth Secretariat, which included a study entitled "Identifying and promoting regional value chains in leather and leather products in Africa". The study identified at a disaggregated level the inputs and intermediate products that may be provided by different countries in Africa, in particular the least developed countries and some landlocked developing countries, in potential regional value chains, in order to export final leather products from Africa. Low capacity in design was identified as one of the key constraints to

[7] Afghanistan, Burundi, Botswana, Burkina Faso, the Central African Republic, Chad, Ethiopia, Kazakhstan, the Lao People's Democratic Republic, Lesotho, Malawi, Mali, Nepal, the Niger, the Plurinational State of Bolivia, the Republic of Moldova, Rwanda, Swaziland, the former Yugoslav Republic of Macedonia, Turkmenistan, Uganda, Zambia and Zimbabwe.

[8] Botswana, Burkina Faso, Burundi, the Central African Republic, Chad, Ethiopia, Lesotho, Malawi, Mali, the Niger, Rwanda, Swaziland, Uganda, Zambia and Zimbabwe.

adding value to the export of leather products. Based on this lesson learned and the recommendations of the study, the Leather and Leather Products Institute of the Common Market for Eastern and Southern Africa launched a regional design studio, with assistance from the Commonwealth Secretariat, to provide artisanal skills and design training for the production of high-end leather goods.

31. UNCTAD is implementing a Development Account project on development policies for sustainable economic growth in Southern Africa, aimed at supporting the regional industrialization agenda and facilitating policy identification and coordination in favour of the development of regional value chains. Studies have been prepared that examine the productive and export structures of five countries, namely Mauritius, Mozambique, South Africa, the United Republic of Tanzania and Zambia, focusing on promising regional value chains in mining machinery and agroprocessing and on a key enabler of development, namely energy. These issues were discussed during a two-day regional workshop jointly organized with the Department of Trade and Industry of South Africa, held in Pretoria in March 2017. A second two-day regional workshop, co-organized with the Ministry of Industry, Trade and Investment of the United Republic of Tanzania, in cooperation with the United Nations Industrial Development Organization, was held in Dar es Salaam in December 2017.
An outcome document was adopted by the participating countries that endorsed a series of specific policy measures. The project is entering its second phase, which will feature a series of capacity-building workshops in economies of the region, the first of which will be held in Mozambique in May 2018.

32. In March 2018, UNCTAD launched a new two-year project on integrating landlocked commodity-dependent developing countries into regional and global value chains, funded by the Sustainable Development Goals Fund. The project will be implemented in collaboration with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States; three regional commissions, namely the United Nations Economic Commission for Africa, the United Nations Economic Commission for Europe and the United Nations Economic and Social Commission for Asia and the Pacific; United Nations specialized agencies and programmes, namely the United Nations Development Programme and the United Nations Industrial Development Organization; and regional organizations, namely the Shanghai Cooperation Organization. The overall objective of the project is to support integrated value chain development in four commodity-dependent landlocked developing countries, namely Ethiopia, the Lao People's Democratic Republic, Mongolia and Uzbekistan, by enhancing their capacities in development policies and strategies, to promote better integration into regional and global value chains and to create development linkages at the national, interregional and intercontinental levels. The project aims to improve the statistical and analytical capacity of the beneficiary countries in effective policy formulation, to promote value chain integration and enhance development linkages; and to improve the capacity of the private sector in the beneficiary countries to assess market prospects, identify market opportunities and overcome market barriers, to better integrate into value chains.

V. Priority 5: Structural economic transformation

33. The Vienna Programme of Action notes that in addition to their geographical disadvantages, many landlocked developing countries are highly dependent on a small number of commodities for export, making them vulnerable to external shocks and locking them into an unequal growth pattern that does not create significant employment or reduce poverty. Overcoming the problem of commodity dependence and achieving more inclusive and sustainable growth requires that landlocked developing countries undertake measures to promote structural transformation, diversification and increased value addition. One of the essential prerequisites for achieving structural transformation is to build viable and competitive productive capacities. Against this background, UNCTAD has engaged in several activities to support the building of productive capacities in landlocked developing countries.

34. UNCTAD is engaged in analytical research to develop quantifiable indicators and related variables to measure economy-wide productive capacities, with a view to providing an operational methodology and policy guidelines on how to mainstream productive

capacities into national development polices and strategies in landlocked developing countries. An index will be instrumental in allowing landlocked developing countries to assess their current positions in building productive capacities based on specific benchmarks and indicators and to provide evidence-based guidance for future development policies.

The project combines an analytical study collating data on more than 100 indicators across eight categories, namely transport, energy, information and communications technology, human capital, natural capital, institutions, investment and structural change, with country case studies in three landlocked developing countries, namely Botswana, the Lao People's Democratic Republic and Rwanda. The project builds on an earlier productive capacities index for the least developed countries presented in the analytical study *Benchmarking Productive Capacities in Least Developed Countries*, published in 2016. The results of the study were subsequently validated and further developed during a national workshop held in Botswana on 7 and 8 February 2017, at which 36 national policymakers and statistical officers, including 20 women, were trained in the interpretation, validation and use of the productive capacities index in the formulation of domestic development policies and strategies. The Productive Capacities Index for landlocked developing countries will be finalized in 2018, and two further national training and capacity-building workshops at the policy and expert levels will be organized in the Lao People's Democratic Republic and Rwanda to share and validate the findings, conclusions and specific outcomes of the project. Preliminary results show that the overall level of productive capacities in landlocked developing countries is low in comparison with other country groups, in particular with regard to indicators on structural transformation, institutions and energy, while indicators related to natural capital and investment show higher levels. Finally, the data suggest that progress in building productive capacities in landlocked developing countries has slowed since 2011.

35. Beyond broad conceptual work on productive capacity indicators, UNCTAD also assists a number of landlocked developing countries in identifying options for economic diversification and overcoming related challenges. In 2015, UNCTAD published the analytical study *Facilitating the Participation of Landlocked Developing Countries in Commodity Value Chains*, which recognized that the geographical disadvantages of landlocked developing countries often dictated their export structures and rendered export diversification into manufactures more challenging. Against this background, the study provided insights on the measures that landlocked developing countries could take to facilitate inclusion in global value chains in commodities and to capture higher value-added segments within such chains. The study provided best practices and lessons learned on policy measures in the areas of trade facilitation, infrastructure, trade and investment policies, productive capacities and institutions.

36. Many countries in Africa and Asia face challenges in their commodity diversification efforts, partly because energy, in terms of both access and productive use, remains one of the key obstacles undermining such efforts, especially diversification towards manufacturing. Many landlocked developing countries have also been unable to take advantage of opportunities presented by regional and global commodity value chains due to deficient energy infrastructures, a lack of access to modern energy sources, high transmission and distribution losses and the lack of abilities to use energy in productive sectors. However, even in energy producing and exporting countries, economic diversification often remains a challenge. UNCTAD provides technical assistance to four energy-exporting landlocked developing countries in Asia, namely Bhutan, Kazakhstan, Mongolia and Turkmenistan.

The project aims to examine the role of energy in economic diversification efforts, identify successful country experiences and best practices and recommend policies and strategies for using energy to build productive capacities and accelerate structural transformation. The beneficiary countries export mainly fossil fuels and, in Bhutan, hydroelectricity, and face challenges related to diversification, as seen in the degree and extent of their dependency on a few commodities for export. The project therefore aims to assist in closely examining the role of energy in commodity diversification. Preliminary work by UNCTAD indicates that for these countries, the relationship between the International Energy Agency energy development index and the productive capacities index is weak and, in most cases,

an inverse one. Such a relationship signifies that energy-exporting countries are not fully harnessing their potential to build productive bases and accelerate structural transformation. Preliminary results also indicate that Kazakhstan shows good potential for diversification in agribusiness, manufacturing and tourism, and that Mongolia shows potential for greater value addition in meat and dairy products, as well as in wool and leather, fibre processing and tourism.

37. Domestic fishery industries are important in many countries not only as a source of export earnings, as fish from such industries is a growing export commodity, but also in ensuring the well-being of rural communities and as a key contributor to food security. UNCTAD is implementing a Development Account project entitled "Building the capacities of selected least developed countries to upgrade and diversify their fish exports". As part of the project, UNCTAD held a workshop in Uganda at which stakeholders from the Government and the private sector, as well as academia and civil society, discussed the need for more proactive policies to upgrade and diversify fishery exports. The fishery industry is the largest foreign exchange earner for Uganda after coffee and contributes to the livelihoods of almost 1.5 million people. UNCTAD, with the input of key stakeholders, recommended sector-specific policies and strategies stemming from the workshop for implementation by both the Government and international development partners. The project also enabled experts from Uganda and other beneficiary countries to travel to China to undertake a training programme at the Freshwater Fisheries Research Centre at the Chinese Academy of Fishery Sciences. With support from China, participants learned about complying with the constantly shifting food quality and safety standards for fish exports from the least developed countries, including wild-caught fish and fish from aquaculture. In April 2017, UNCTAD work on fisheries culminated in an interregional workshop in Mauritius, which participants from Uganda also attended.

38. Achieving structural transformation and developing higher value-added sectors often requires mobilizing significant levels of investment. During the reporting period, 28 of the 32 landlocked developing countries benefited from UNCTAD assistance in the area of investment and enterprise. Activities aimed to build the competitiveness of these countries and enhance their attractiveness as destinations for foreign investment and the establishment of businesses.

39. Several landlocked developing countries have been beneficiaries of the investment policy review programme since its inception in 1999. To date, investment policy reviews have been conducted for 15, or almost half, of the 32 landlocked developing countries.[9] Approximately five years after the completion of an investment policy review, UNCTAD prepares a report that assesses progress in implementing the review recommendations. A number of landlocked developing countries have benefited from this follow-up process, as well as from technical assistance to help implement review recommendations. In 2017, UNCTAD published the *Investment Policy Review: South-East Europe*, which included reviews for two landlocked developing countries, namely the Republic of Moldova and the former Yugoslav Republic of Macedonia. In 2017–2018, UNCTAD launched preparations for an investment policy review for Chad. UNCTAD also provided technical assistance to Botswana in the implementation of review recommendations. The investment policy review programme continued to demonstrate its relevance, quality and impact, as the implementation reports prepared by UNCTAD for landlocked developing countries showed a good to strong implementation record, increased interest by existing investors and increased capacity to market investment opportunities. In most instances, following the review of their investment policies by UNCTAD, beneficiary countries recorded marked increases in foreign direct investment inflows.

40. In the area of international investment agreements, in 2017, UNCTAD assisted a number of regional groups, including landlocked developing countries, in reviewing their model international investment agreements, with a view to enhancing the development dimension and coherence of the treaties. UNCTAD reviewed the model agreements of

[9] In Africa for Botswana, Burkina Faso, Burundi, Ethiopia, Lesotho, Rwanda, Uganda and Zambia; in Asia for Kyrgyzstan, Mongolia, Nepal, Tajikistan and Uzbekistan; and in Europe for the Republic of Moldova and the former Yugoslav Republic of Macedonia.

Botswana, Burkina Faso and Mongolia. During the fifth session of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development, UNCTAD co-organized with the United Nations Economic Commission for Africa a side event on the pan-African investment code and the investment chapter of the agreement on the Continental Free Trade Area, which benefited all landlocked developing countries participating in the negotiations for these agreements. In addition, in 2017, UNCTAD organized a training workshop in Casablanca, Morocco, in cooperation with the Islamic Development Bank and authorities from Morocco, for members of the Islamic Development Bank. Such workshops aim to deepen understanding of international investment agreements by training officials to identify and analyse key issues and areas of interest related to the sustainable development dimension of such agreements and by assisting officials in finalizing such agreements. Participants from seven landlocked developing countries, namely Burkina Faso, Chad, Mali, the Niger, Tajikistan, Uganda and Uzbekistan, attended the workshop.

41. In October 2017, UNCTAD held a Regional Conference for Economies in Transition on International Investment Policies and The Way Forward in Baku. The conference gave a platform to high-level policymakers from 12 countries with economies in transition to discuss international investment policy and treaty making; international investment issues and the reform of the international investment agreements regime; and experiences in the management of investment disputes. Around 60 participants from 12 countries attended the conference.

42. In May 2017, UNCTAD gave a presentation to senior officials of the Tripartite Ministerial Committee of the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community, building on a policy guidance document provided by UNCTAD to assist in the negotiations for an investment chapter in the agreement of the Tripartite Free Trade Area, which includes 12 landlocked developing countries as members.

43. Nearly all of the landlocked developing countries have a national investment promotion agency that promotes investments, and often also have subnational institutions, yet the capacity level of these agencies to address investment-related issues specific to landlocked developing countries continues to be limited. There are, however, best practice exceptions, such as Ethiopia and Rwanda. UNCTAD seeks to share best practices from around the world, including from landlocked developing countries, in a way that can be replicated by other investment promotion agencies in a scalable and sustainable manner. To support the exchange of best practices, each year UNCTAD rewards a number of investment promotion agencies for achievements in promoting investment for sustainable development, and shares their experiences with other agencies. In 2017, the Ethiopian Investment Commission was among the winners of the award for promoting investment in the Sustainable Development Goals, in recognition of the work of the Commission with regard to spurring private investment in Ethiopia that will boost economic activity and hasten the achievement of the Sustainable Development Goals.

44. From May 2017 to January 2018, senior investment promotion officials from landlocked developing countries participated in training sessions and the exchange of best practices in investment promotion at events organized by UNCTAD, including a regional seminar on the preparation and promotion of bankable Sustainable Development Goals-related projects and the creation of partnerships with outward investment agencies and institutions, held in Johannesburg, South Africa (May 2017). UNCTAD contributed to the Belt and Road Forum for International Cooperation organized by the Government of China in Beijing, at which all countries involved in the One Belt, One Road initiative participated, including 12 landlocked developing countries (May 2017). Investment promotion officials from landlocked developing countries participated in a training course on foreign direct investment essentials, held by the World Association of Investment Promotion Agencies in Istanbul, Turkey (January 2018). As part of a long-standing partnership, UNCTAD contributed to the course with training modules on national and international investment policies.

45. UNCTAD online investment guides raise awareness in the international investment community of investment opportunities and conditions in beneficiary countries. The guides are developed by Governments under the guidance of UNCTAD, and include information on typical personnel, rent, utility and factor costs faced by investors, in order to enable investors to carry out preliminary business planning, as well as key contacts in the Government and feedback and tips from investors already in the country. Investment guides have been or are being developed for the following landlocked developing countries: Burundi, Malawi, Rwanda, Uganda and Zambia. The guides for Malawi and Zambia are being developed in partnership with the United Nations Economic Commission for Africa.

46. The UNCTAD Business Facilitation eRegulations programme helps countries to simplify and automate rules and procedures related to investment and entrepreneurship. The eRegulations system is operational in seven landlocked developing countries, namely Bhutan, Burkina Faso, Ethiopia, Mali, the Niger, Rwanda and the former Yugoslav Republic of Macedonia. The system contributes to increased transparency and greater institutional capacity, thereby facilitating business and making landlocked developing countries more attractive to foreign investors. In 2017, the programme expanded to include the development of trade portals, a new facilitation tool focused on trade procedures. Trade portals have been or are being developed for eight countries, including three landlocked developing countries, namely Mali, Rwanda and Uganda.

47. The Sustainable Stock Exchanges initiative, launched in 2009, seeks to leverage the catalysing potential of stock exchanges to improve corporate reporting practices and transparency among listed companies in the area of environmental, social and corporate governance issues, thereby improving performance in this area in the long term. Membership in the initiative has grown to 68 exchanges. The participation of exchanges from landlocked developing countries has gained ground, with four exchanges joining the initiative in the past two years, namely the Botswana Stock Exchange, the Kazakhstan Stock Exchange, the Rwanda Stock Exchange and the Zimbabwe Stock Exchange. As members of the initiative, in 2017, the exchanges benefited from engagement on green finance and gender equality through webinars and the dissemination of Sustainable Stock Exchanges guidance documents on these two topics. In addition, Botswana received technical assistance in developing guidance on reporting environmental, social and governance information for companies listed on these exchanges, which had committed to the Sustainable Stock Exchanges campaign to close the environmental, social and governance information gap. Partnerships were formed with individual member exchanges on gender equality awareness raising, including with the Rwanda Stock Exchange. UNCTAD engaged with Botswana on best practices in green finance through the advisory group on green finance of the Sustainable Stock Exchanges initiative, in which Botswana is represented.

48. UNCTAD capacity-building activities in landlocked developing countries include activities related to the issue of intellectual property for development. In April 2017, UNCTAD provided training sessions that benefited a number of landlocked developing countries, including a workshop on technology transfer and public health held in Dakar, which was prepared in cooperation with the Joint United Nations Programme on HIV/AIDS, the United Nations Development Programme and Yolse. Participating countries included Burkina Faso, Mali and the Niger. In November 2017, a training programme for research directors on innovation, intellectual property and technology transfer, with a focus on the agricultural sector, was organized in Bishoftu, Ethiopia. The training was designed to build the capacity and understanding of researchers with regard to a balanced and integrated approach to innovation, intellectual property and technology transfer in a manner that assisted them in building a sustainable relationship with the private sector. In addition, UNCTAD provided substantive comments on the draft national intellectual property strategy of Uganda. The comments were acknowledged as providing a strong basis for national discussions and were incorporated in the draft strategy. In March 2018, UNCTAD, in collaboration with the Ministry of Industry of Ethiopia and the World Health Organization, facilitated a high-level discussion on patent law reform in Ethiopia, to support the local production of innovative pharmaceutical products.

49. UNCTAD also continued to provide assistance to the five established Empretec centres in landlocked developing countries, through advisory services, policy workshops

and seminars based on the Entrepreneurship Policy Framework, as well as training for entrepreneurs and small and medium-sized enterprises. In the first quarter of 2018, UNCTAD, in collaboration with the United Nations Industrial Development Organization, assisted the Government of Ethiopia in developing a national entrepreneurship strategy. UNCTAD also strengthened the capacity of Empretec centres in several countries, including Zambia. Train-the-trainer certification and support to regional networks and initiatives were extended, benefiting the following landlocked developing countries: Botswana, Ethiopia, Lesotho, Malawi, Paraguay, Swaziland and Zambia.

50. UNCTAD continued to work with selected landlocked developing countries to identify business linkage opportunities, in order to connect local entrepreneurs with large firms, notably in the agricultural and construction sectors. Linkage-building activities, conducted in collaboration with United Nations agencies under a joint framework, allowed UNCTAD to assist more than 200 entrepreneurs in Zambia.

51. Effective competition policy plays an important role in supporting the business environment, promoting market efficiency and innovation and protecting consumers. As part of its work in this field, UNCTAD assisted three landlocked developing countries in improving their legal and regulatory capacities. For example, a project on strengthening competition and consumer protection enforcement capacities in Ethiopia aimed to improve the legal and institutional framework and lay the foundations for more effective enforcement of competition policy in Ethiopia. The project allowed staff of the Trade Competition and Consumers' Protection Authority to receive substantive training in merger analysis, unfair commercial practices, consumer protection, investigative techniques and competition law enforcement. It also facilitated the exchange of experiences through the participation of Authority staff in study tours to other competition authorities and to conferences on competition policy.

52. Within the framework of a programme to support trade and economic integration, the European Union and the Central African Economic and Monetary Community requested UNCTAD to assist eight countries in Middle Africa in strengthening their competition and consumer protection laws and policies. As part of this project, the Central African Republic and Chad obtained relevant training. A national advocacy seminar on competition and consumer protection was held in Bangui from 7 to 9 March 2018. A national seminar on competition and consumer protection was held in N'Djamena on 5 and 6 February 2018, aimed at highlighting the role of competition and consumer protection policies in the growth and development of the economy of Chad, in light of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices and the United Nations guidelines for consumer protection; presenting the main components of these policies; examining the different options envisaged for the effective implementation of these policies in Chad; and reflecting on the involvement of the private sector, civil society and other relevant stakeholders in the region in the administration of competition and consumer protection laws and policies.

VI. Midterm review on the implementation of the Vienna Programme of Action

53. On 20 December 2017, the General Assembly adopted resolution 72/232 on the follow-up to the second United Nations Conference on Landlocked Developing Countries. The General Assembly decided to convene, as called for in paragraph 78 of the Vienna Programme of Action, a comprehensive high-level midterm review on the implementation of the Vienna Programme of Action for the Decade 2014–2024, to be held no later than December 2019; that all relevant United Nations system organizations, including UNCTAD, within their respective mandates and within existing resources, shall be invited to provide support to the review process; and that the high-level midterm review shall be preceded by regional preparatory meetings, as appropriate and within existing resources.[10] The General Assembly also decided that the comprehensive high-level midterm review shall review progress made by the landlocked developing countries, transit countries and

[10] A/RES/72/232, paragraph 47.

development partners in the implementation of the Vienna Programme of Action and shall be a forum to share best practices and lessons learned, identify obstacles and constraints encountered and actions and initiatives needed to overcome them, as well as new challenges and emerging issues, in order to further accelerate the implementation of the Vienna Programme of Action.[11]

54. UNCTAD stands ready to contribute to the midterm review on the implementation of the Vienna Programme of Action in areas within its mandate and competence. The midterm review will also be an appropriate occasion to redraw the attention of the international community to the development challenges faced by landlocked developing countries, particularly in the context of achievement of the Sustainable Development Goals and the pledge of the 2030 Agenda for Sustainable Development that no one will be left behind, in order to generate the momentum needed for landlocked developing countries to achieve the goals and targets of the Vienna Programme of Action by the target date of 2024.

VII. Lessons learned and policy recommendations

55. The sharp slowdown in growth in landlocked developing countries and the decline in their share of global exports since the adoption of the Vienna Programme of Action in 2014 demonstrates the continuing challenges faced by these countries as a result of their geographical remoteness and commodity dependence. It also puts into question their ability to achieve the goals of the Programme of Action by the target date, as well as to progress towards achieving the Sustainable Development Goals.

56. Against this background, strengthened efforts are needed to support the implementation of the Programme of Action, and to assist landlocked developing countries in overcoming the geographical and structural obstacles to their development. The forthcoming midterm review on the implementation of the Programme of Action should aim to identify measures to reverse the disconcerting deterioration in growth and exports, including by galvanizing additional support for trade facilitation and transit cooperation and for building productive capacities for structural transformation. An enhanced partnership between landlocked developing countries, transit countries and development partners should go beyond traditional development cooperation and include focused measures to support private sector development and the building of productive capacities.

57. UNCTAD support in the implementation of the Programme of Action across its different priorities has received positive evaluations and feedback from beneficiaries, as well as from independent evaluators. UNCTAD has experienced steady growth in requests for technical assistance and capacity-building support for landlocked developing countries, including in the areas of trade facilitation and the building of productive capacities. UNCTAD stands ready to continue to expand its support within its capabilities and resources. However, for UNCTAD to scale up its assistance in a sustainable manner, additional extrabudgetary financial resources will be required.

Policy recommendations

58. The Trade and Development Board may wish to consider requesting landlocked developing countries, transit countries and development partners to implement the priority actions in the Vienna Programme of Action.

59. The members of the Trade and Development Board may wish to consider actively supporting the midterm review process on the implementation of the Vienna Programme of Action, to review progress to date, identify required priority measures and galvanize all stakeholders to strengthen efforts in the years ahead.

60. The Trade and Development Board may wish to consider encouraging donors and other countries in a position to do so to support the work of UNCTAD related to landlocked developing countries and the implementation of the Vienna Programme of Action.

[11] Ibid, paragraph 48.